Co-operation with Japan in Hydrocarbon Sector

2225. DR. T. SUBBARAMI REDDY:
SHRI GIREESH KUMAR SANGHI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether India and Japan have agreed to look at promoting ventures in exploration and production sector in third countries and also examine possibility of 'swap' arrangements based on convenience of geographical proximity;

(b) what are the main features of agreement reached;

(c) whether meeting of two Ministers was with a view to accelerating deepening and widening cooperation between India and Japan in hydrocarbon sector; and

(d) if so, to what extent Japanese companies would be allowed to private assistance as possible from JOGMEC to develop exploration and production opportunities in India in addition to service and technology areas?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) Yes, Sir. During the visit of Minister of Petroleum and Natural Gas to Japan and Russia in February, 2005 discussions were held at Ministerial, official and commercial levels about areas of collaboration between the two countries in the hydrocarbon sector. A Joint Statement was signed by the Minister of Petroleum and Natural Gas with the Minister of Economy, Trade and Industry, Japan in Tokyo on 29th September, 2005 identifying an action plan for cooperation between the two countries. A copy of the Joint Statement is enclosed. (See below) Attention is invited in particular to para 3 which covers the points raised at (a) of the question.

(c)YesrSir.

(d) During the bilateral meeting held in the sidelines of second Ministerial round Table held in New Delhi on 24.11.2005, the Minister (PNG) emphasized the importance of signing of Memorandum of Understanding with JOGMEC which is crucial to bring Japanese investment in E&P sector of India. He stressed that India would welcome Japan's entry into exploration in India during the next round of bidding for NELP. In addition, Oil Industry Development Board (OIDB) is planning to collaborate with JOGMEC on strategic storage while Director General of Hydrocarbons plans technology sourcing on gas hydrates/synthetic hydrates from them.

Statement

Area of Cooperation between India and Japan in Hydrocarbon Sector

JOINT STATEMENT

1. H.E. Shri Mani Shankar Aiyar, Minister of Petroleum & Natural Gas of India and, H.E. Mr. Shoichi Nakagawa, Minister of Economy, Trade and Industry of Japan, held a meeting in Tokyo on Thursday, 29 September,2005 with a view to accelerating, deepening and widening cooperation between India andJapan in the hydrocarbons sector.

The two Ministers recalled their very fruitful initial meeting in New Delhi in January 2005. They also noted that the visit to India by H.E. Prime Minister Junichiro Koizumi in April 2005 had placed the Indo-Japanese energy dialogue in the larger context of the evolving Japan-India Global Partnership which aims at "promoting the vision of an Asian Economic Community as an Arc of Advantage and Prosperity". They noted with satisfaction that in pursuit of the Eight-fold Initiative'launched by the Prime Ministers of the two

countries, in particular paragraph 18 thereof relating to the hydrocarbons and energy sector, the inaugural meeting of the Working Group on cooperation in oil and gas had laid sound foundations for further practical work on the ground. The two Ministers stressed the need for expeditious implementation of the recommendations of the Working Group and shared the view that the Working Group would meet at least twice during 2006 to give further impetus to the process of cooperation and the Ministers meet at least once next year to keep the proceedings of the Working Group under Ministerial review.

2. The Indian Minister conveyed to his Japanese counterpart the importance attached by India to expanding its knowledge-base in geology and geophysics and in the area of exploration and production in the country, and sought Japanese cooperation in promoting these capabilities in India. The two Ministers expressed their intention that in addition to scientific and technological cooperation in oil and gas, their mutual R&D cooperation would extend to related areas of energy such as coal bed methane, underground coal gasification and other unconventional fuels such as hydrogen, bio-fuels and gas hydrates and shared the view that relevant research and academic institutions in both countries should be encouraged and facilitated to network with each other to promote greater mutual understanding of the global political economy in the hydrocarbons sector.

3. The two Ministers expressed their determination to pursue the following Plan of Action:

(i) Encouraging Japanese companies with such assistance as possible from the Japan Oil and Gas Metals National Cooperation (JOGMEC) to develop Exploration and Production (E&P) opportunities in India, including, but not limited to services and technology areas;

(ii) exchange of information and experience on commercial and strategic stockpiling of crude oil;

(iii) promoting Japanese-Indian ventures in the E&P sector in third countries in this context, they will explore the prospects of such cooperation in Canada, Australia, West Asia (Middle East), West and Central Africa, Russia (including Sakhalin) and Central and South East Asia, taking into account the increasing tendency by the oil and gas producing countries to pursue broader economic ties with investing countries. Bearing these possibilities in mind, they welcomed the pursuit of a possible Memorandum of Understanding between ONGC Videsh Cimited (OVL) and JOGMEC;

(iv) examining the possibility of "swap" arrangements based on the convenience of geographical proximity;

(v) promoting cooperation in heavy oils amongst entities of both countries;

(vi) coordinating and mutually reinforcing R&D in gas hydrates through encouraging cooperation between the Indian Directorate General of Hydrocarbons and their Japanese counterpart, as well as cooperation between GAIL India and counterpart Japanese industries for the transportation of gas as synthetic hydrates, including examining the feasibility of transportation from isolated marginal fields;

(vii) undertaking joint research and study between a Japanese organization and counterpart Indian organizations such as the Petroleum Planning and Analysis Cell (PPAC), the Energy and Research Institute, New Delhi (TERI) and the University of Petroleum and Energy Studies, Dehradun on developing an Asian crude oil and petroleum products market and measures to stabilize the Asian oil market.

4. The two Ministers noted the importance of investment in each other's countries in the hydrocarbons and related sectors. In this context, noting the significant advances made by India in the export of petroleum products, the Indian Minister invited the Japanese Minister to consider promoting investment in India in export-oriented refineries in India as well as in such projects as the development of a petrochemicals hub at Haldia.

5. Bearing in mind that energy conservation and energy efficiency are important elements in the promotion of the energy interests of the two countries, and, keeping in view of Japan's impressive record in these fields, the two countries shared the view that cooperation and networking are essential between the relevant institutions of the two countries, in the public, quasi-public and private sectors. They expressed their intention to work together to promote integrated energy conservation and energy efficiencies in India through the ESCO (Energy Service Companies) model. The Petroleum Conservation and Research Association (PCRA) of India has been nominated by the Indian Minister as the nodal agency to work with its counterpart Japanese institutions for this purpose.

The two Ministers stressed the importance of energy security as a crucial component of international peace and security. While underlining the need for exchange of information and coordination of positions in all international for a dealing with energy-related issues including energy security, the two Ministers stressed the importance of the International Energy Forum (IEF) as a platform to promote global cooperation and dialogue, and directed their delegations to coordinate closely with each other to pursue the interests of both countries through the preparation of joint studies and to work together for the success of the IEF Ministerial Conference in Doha in April 2006.

7. Highlighting the key importance of the paradigm shift in global oil trade which has been Asia emerging as both the principal source of hydrocarbons and the fastest growing region in demand for crude oil and gas, the two Ministers shared their views that the outcome of the study as set out in paragraph 3(vii) above would be a valuable asset to be shared with IEF member countries.

8. The two Ministers also noted the importance of exchange of information between the two countries in regard to LNG imports, particularly with respect to the need for flexibility in contractual obligations pertaining to quantity and price.

9. The Indian Minister reiterated to his Japanese counterpart his invitation to the Japanese Minister to visit India to attend the Round Table of North and Central Asian oil-producing countries with the Ministers of major Asian oil-consuming countries, including Japan. This Round Table is scheduled to be held in New Delhi on 25 November 2005. The Japanese Minister, expressing his thanks to the Indian Minister for the valuable

intra-Asian dialogue initiated at the Round Table in New Delhi in January, 2005, confirmed Japanese participation at the forthcoming conference and said that he would positively examine the possibility of making it at Ministerial-level.

10. The Indian Minister conveyed his deep gratitude to his Japanese counterpart for the courtsey and hospitality extended to him and his delegation during his short visit to Tokyo. The Japanese Minister invited the Indian Minister to make a longer visit to Japan after the November Round Table in New Delhi so that various aspects of bilateral cooperation in the hydrocarbons and related sectors could be examined in greater detail. The Indian Minister accepted this gracious invitation. It was noted that the dates of the visit would be finalized through diplomatic channels.

Tokyo
29 September, 2005

Sd/-	Sd/-
(Mani Shankar Aiyar)	(Shoichi Nakagawa)
Minister of Petroleum and Natural gas, India	Minister of Economy, Trade and Industry, Japan

Discount on ATF price

2226. SHRI CHITTABRATA MAJUMDAR:
SHRI DIPANKAR MUKHERJEE:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the import parity price of ATF at present (Rs./KL);

(b) the amount of ATF sold during the last three years to domestic airlines and foreign airlines;

(c) whether any discount is being offered to foreign airlines at present, if so, the average discount in Rs./KL offered to the foreign airlines; and

(d) the total under recoveries of Oil Marketing Companies during last three years, year-wise and in the current year on account of discounts offered?